

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 ARAE-00 SSO-00 NSCE-00 USIE-00
INRE-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC IMMEDIATE 5990

C O N F I D E N T I A L KINGSTON 3395

E.O. 11652: GDS

TAGS: EAID, EFIN, IMF, JM

SUBJECT: CENTRAL BANK GOVERNOR ECHOES PLANNING MINISTER RE IMF
INTRANSIGEANCE

REF: KINGSTON 3361

1. IN COURSE OF CONVERSATION WITH EMBOFF EVENING OF JUNE 24,
BANK OF JAMAICA GOVERNOR ARTHUR BROWN ECHOED MUCH OF WHAT
MINISTER OF STATE FOR PLANNING RICHARD FLETCHER HAD SAID TO
CHARGE THE DAY PREVIOUS. BROWN'S REMARKS CENTERED ON
IMF TEAM LEADER CARLOS SANSON WHOM HE DESCRIBED AS BASICALLY
INCAPABLE OF UNDERSTANDING THE JAMAICAN PROBLEM.

2. BROWN LINKED TOGETHER THE PROBLEMS OF (A) BUDGET DEFICIT
AND (B) THE DUAL EXCHANGE RATE, ARGUING THAT BOTH ARE

NECESSARY IF JAMAICA IS TO AVOID A SOCIO-POLITICAL CONVUL-
SION WITH UNPREDICTABLE CONSEQUENCES. RE THE DEFICIT,
BROWN SAID THAT JAMAICA SIMPLY CANNOT BEAR THE LEVEL OF
UNEMPLOYMENT WHICH WILL RESULT FROM THE MEASURE OF
STRINGENCY WHICH THE IMF IN THE PERSON OF SANSON
SEEMS DETERMINED TO IMPOSE. COMMENTING ON THE DUAL
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RATE, BROWN SAID IT IS NECESSARY IF IMPORTED CONSUMER
NECESSITIES ARE TO BE MADE AVAILABLE TO THE LOWER IN-
COME GROUP AT SUPPORTABLE PRICES.

3. BROWN SAID THAT WERE THE JAMAICAN GOVERNMENT TO
ADOPTED BALANCED BUDGET FOR THE CURRENT YEAR AND TO
MOVE SWIFTLY TO A SINGLE RATE, THE INEVITABLE SOCIAL

AND POLITICAL UPHEAVAL WHICH WOULD FOLLOW THISER
ECONOMIC COURSE WOULD BE WELCOMED BY SOME IN JAMAICA.

THIS GROUP, WHICH INCLUDES SOME WITHIN THE "RADICAL"
FACTION OF THE RULING PEOPLES NATIONAL PARTY (PNP)
AND SOME OF
THE LEFT OF THE PNP, WOULD BE QUITE CON-
TENT TO PRESCRIBE A "MAOIST SOLUTION" TO RESULTING
SITUATION. BROWN WENT ON TO SAY THAT SANSON FAILS TO
SEE THE POLITICAL CONSTRAINTS UNDER WHICH THE JAMAICAN
GOVERNMENT OPERATES, AND SIMPLISTICALLY THINKS-- AS
A NICARAGUAN-- THAT JAMAICANS CAN BE COERCED TO ACCEPT
THE CONSEQUENCES FOR THEM WHICH WOULD RESULT FROM ZERO
DEFICIT BUDGETING AND AN EARLY SHIFT TO A SINGLE RATE.
" THE JAMAICAN EXPERIENCE HAS BEEN QUITE DIFFERENT FROM
THAT OF NICARAGUA," BROWN STRESSED.
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